

**THE EXPLANATION
OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS' AND
THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS' AGENDAS
PT BANK DANAMON INDONESIA TBK**

In relation to the Annual General Meeting of Shareholders ("**AGMS**") and the Extraordinary General Meeting of Shareholders ("**EGMS**") of PT Bank Danamon Indonesia Tbk (the "**Company**") which will be held on Wednesday, 12 April 2017, the Company has published:

- 'The announcement of the AGMS and EGMS Plan' on the daily newspapers, namely Media Indonesia and The Jakarta Post dated February 20, 2017.
- 'The invitation to attend the AGMS and EGMS' on the daily newspapers, namely Media Indonesia and The Jakarta Post dated March 14, 2017

Furthermore, with respect to:

- Indonesia Financial Services Authority Regulation Number 32/POJK.04/2014 regarding the Plan and Implementation of the General Meeting of Shareholders (GMS) of the Public Company,
- Indonesia Financial Services Authority Regulation Number 33 /POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Public Company,
- Bank Indonesia Regulation Number 13/2/PBI/2011 dated January 12, 2011 regarding the Implementation of Bank Compliance Function, Decree of the Indonesia Stock Exchange Number Kep-00001/BEI/01-2014 dated January 20, 2014 regarding the Amendment of Rule No. I-A on Registration of Shares and non shares equity like securities issued by the Listed Company, and
- The Company's Articles of Association,

the Company hereby provides the explanation of each AGMS agenda and EGMS agenda as follows:

The Annual General Meeting of Shareholders

Agenda 1

- i. **Approval for the Company's annual report for financial year ended at December 31, 2016;**
- ii. **Approval for the Company's financial statement for financial year ended at December 31, 2016; and**
- iii. **Approval for the supervisory report of the Company's Board of Commissioners for financial year ended at December 31, 2016.**

1.1. **Background**

In compliance with Article 18 and Article 20 of the Company's Articles of Association in conjunction with Article 66, Article 67, Article 68, and Article 69 of the Law No. 40 year 2007 regarding the Limited Liabilities Company ("**Company Law**").

1.2. **Explanation**

The Company's annual report for financial year ended at December 31, 2016 among others includes supervisory report of the Company's Board of Commissioners for financial year ended at December 31, 2016 and the Company's financial statement for financial year ended at December 31, 2016 audited by the Public Accounting Firm Purwantono, Sungkoro & Surja, member firm of the Ernst & Young Global Limited as published in the Independent Auditor's Report at February 24, 2017, Number RPC-3039/PSS/2017 with an unqualified opinion.

On this agenda, the Company's will seek for the AGMS's approval of the Company's 2016 annual report, the Company's financial statements for financial year ended at December 31, 2016 as well as the Company's 2016 Board of Commissioners supervisory report.

1.3. **Supported Data/Material**

- [The 2016 Annual Report](#) can be obtained at the Company's head office and is available to be downloaded from the Company's website since March 14, 2017 . The Shareholders may ask for the Company's 2016 annual report , which also

- includes the Company's financial statements for the financial year ended at December 31, 2016 and the Company's 2016 Board of Commissioners supervisory report, by submitting a written request addressed to the Corporate Secretary of the Company.
- The [Performance Results \(Public Expose\) year 2016](#) that was conducted on March 1, 2017 and contains a summary of the financial performance of the Company has been submitted to the Indonesia Stock Exchange on March 2, 2017 and has been uploaded to the website of the Company.

Agenda 2

Determination on the appropriation of the Company's profit for the financial year ended on December 31, 2016.

2.1 Background

In accordance with the Article 20 paragraph 2 letter (b) and Article 25 of the Articles of Association of the Company in conjunction with Article 70 and 71 of the Company Law, the net profit acquired by the Company in a financial year as set out in the balance sheet and income statement which has been ratified by the AGMS, shall be distributed in accordance to the manner of its appropriation, including the allocation for mandatory reserves, distribution of dividends and other appropriations as resolved by the GMS, provided that the Company has positive profit and with due observance of the provisions of laws and regulations.

2.2. Explanation

The Company's profit acquired in financial year ended at December 31, 2016 was IDR 2,669,480,000,000. This is the profit that can be distributed to the owners of the parent entity.

On this agenda, the Company will seek for the AGMS's approval of the appropriation of the Company's net profit for the financial year ended at December 31, 2016, among others, 1% will be set aside as reserve fund, 35% of net profit will be distributed as cash dividend, and the remaining net profits to be booked as retained earnings.

2.3. **Supported Data/Material**

The disclosure of the Company's profit can be accessed through [the 2016 Annual Report](#) links.

Agenda 3

Engagement of Public Accountant and Public Accounting Firm for financial year 2017

3.1. **Background**

In accordance with the Article 20 paragraph 2 letter (c) of the Articles of Association of the Company in conjunction with Article 68 of the Company Law, the Board of Directors is obliged to have the Company's financial statements audited by the public accountant which was appointed by the AGMS. OJK regulation (ex Bapepam-LK) No.VIII.A.2 regarding the Independence of the Accountant Providing Services in Capital Markets governs the procedures and requirements for the selection of Certified Public Accountants and limit the assignment period to maximum 6 (six) consecutive years for a public accounting firm and maximum 3 (three) consecutive years for an accountant. Furthermore, FSA Regulation No. 10 year 2017 regarding the amendment of FSA Regulation No. 32 year 2014 in conjunction with the Article 20 paragraph 2 letter (c) of the Articles of Association states that the appointment of a public accountant, its fees and terms of appointment shall be determined through the GMS. The Article 47 of FSA Regulation Number 55/POJK.03/2016 ("FSA Regulation No. 55 year 2016) regarding the Implementation of Corporate Governance for Commercial Banks also stated that the Audit Committee shall make recommendation with regards to the appointment of the Public Accountant and Public Accounting Firm to the Board of Commissioners to be later approved by the GMS.

In accordance with the Article 11 of the Government Regulation No. 20 year 2015 regarding Public Accountant Practice, states that the Public Accountant can only serving an audit services provision for an entity (Bank) for 5 (five) financial year

in a row, in this case Purwantono, Sungkoro & Surja, member firm of the Ernst & Young Global Limited has auditing the Company's financial statements for 5 (five) financial years period in a row, so new engagement should be made.

3.2. Explanation

The Audit Committee of the Company through the Recommendation Memo Number B. 001 – KA dated January 23, 2017 has recommended to the Board of Commissioners to appoint Mr. Jusuf Wibisana as Public Accountant and Tanudiredja, Wibisana, Rintis & Partners (member firm of the PwC International Limited) as Public Accounting firm, both registered in Financial Services Authority, to audit the Company's Annual Report for financial year ended at December 31, 2017. This recommendation has been endorsed by the Board of Commissioners and will be brought to the AGMS for approval.

3.3. Supported Data/Material

[The Profile of the Public Accountant and Public Accountant Firm](#) can be obtained at the Company's head office and is available to be downloaded from the Company's website since March 14, 2017.

Agenda 4

- i. Determination of the remuneration or honorarium, bonus/tantieme, and other allowance of the Company's Board of Commissioners members and Sharia Supervisory Board members; and**
- ii. Determination of the remuneration and allowance, bonus/tantieme, and/or other benefits of the Company's Board of Directors members**

4.1. Background

In accordance with Article 11 paragraph 6, Article 14 paragraph 8, and Article 20 paragraph 2 letter (e) of the Articles of Association in conjunction with Article 96 and Article 113 of the Company Law, the AGMS determines the remuneration and allowance and/or other income of the members of the Board of Directors and the remuneration or honorarium and other allowances of the members of the Board of Commissioners as well as remuneration or honorarium and/or allowances of the members of the Syaria Supervisory Board.

4.2. **Explanation**

On this agenda the Company will propose to the AGMS to approve the following matters:

- The determination of the total amount of tantieme/bonus for year 2016 to the Board of Directors, the Board of Commissioners, and the Syaria Supervisory Board;
- The determination of the total remuneration/honorarium and allowances for year 2017 to the Board of Directors, Board of Commissioners, and the Syaria Supervisory Board;
- The consent to the President Commissioner of the Company in determining the distribution of remuneration/honorarium and allowances for year 2017 to each member of the Board of Commissioners and Syaria Supervisory Board, pursuant to the recommendations of the Remuneration Committee; and
- The consent to the Board of Commissioners of the Company in determining the distribution of remuneration/honorarium and allowances for year 2017 to each member of the Board of Directors, pursuant to the recommendations of the Remuneration Committee.

Agenda 5

The changes in the composition of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board of the Company.

5.1. **Background**

In accordance (i) Article 3 and Article 23 POJK Number 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of the Company or Public Company and (ii) Article 11 paragraph 2 and Article 14 paragraph 2 Articles of Association that states the member of Board of Directors and Board of Commissioners are appointed and dismissed by the AGMS. The appointment is effective from the date they are appointed at the AGMS and ends at the closing of the 3rd AGMS after the date of their appointment.

In accordance Article 45 paragraph 2 Bank Indonesia Regulation Number 11/33/PBI/2009 regarding Implementation of Good Corporate Governance for

Commercial Banks of Syaria and Islamic Syaria Business Unit (“PBI GCG Syaria”), the maximum term of office for the members of the Syaria Supervisory Board is the same as the members of the Board of Directors or the Board of Commissioners.

Furthermore, by referring to the Article 6 paragraph 1 POJK Number 55 year 2016, Article 27 paragraph 1 POJK Number 55 year 2016, and Article 45 paragraph 1 PBI GCG Syaria, the proposal to appoint and/or change the members of the Board of Directors or Board of Commissioners or the Syaria Supervisory Board to the AGMS shall be conducted based on the recommendation of the Remuneration and Nomination Committee.

The letter of POJK Number 39/SEOJK.03/2016 regarding Fit and Proper Test requires the Prospective Controlling Shareholders and Candidate of the Board of Directors and Board of Commissioners of a Bank to take the Fit and Proper Test.

5.2. **Explanation**

With regard to the term of the incumbent Board of Directors, Board of Commissioners and Syaria Supervisory Board that will end at the 2017 AGMS.

The Company will propose to the AGMS to approve the following matters:

- To accept the resignation of Emirsyah Satar as a Commissioner (Independent) of the Company;
- Not to reappoint Muliadi Rahardja as Vice President Director of the Company due to expiration terms of services in the AGMS year 2017 and related to his request on not to be reappointed;
- To reappoint of the incumbent several members of the Board of Directors and/or members of the Board of Commissioners effective from the closing of this AGMS; and
- To reappoint of all incumbent members of the Sharia Supervisory Board effective from the closing of this AGMS.

(note: there is no new appointment for BOC/BOD/SSB member)

The Extraordinary General Meeting of Shareholders

Agenda 1

The changes of several articles in the Company's Articles of Association and the restatement of all articles in the Company's Articles of Association.

1.1. Background

Pursuant to (i) Article 27 paragraph 1 of the Company's Articles of Association in conjunction with Article 19 paragraph 1 the Company Law, and in relation to the adjustment required in order to be aligned with the OJK Regulation No. 33 year 2014.

1.2. Explanation

There is a need to make several changes to the articles of the Company's Articles of Association in order for the articles to be aligned with the prevailing OJK Regulation. In relation to this, the Company will propose to the EGMS to approve:

- the changes of several articles in the Company's Articles of Association;
- the restatement of all articles in the Company's Articles of Association;
- the restatement of Company's data regarding the Company's shareholder structure, the composition of the Board of Directors, and the Board of Commissioners; and
- the consent to the Board of Directors of the Company to sign any deeds which are required in relation to (i) the resolutions of the first agenda of the EGMS (including to make amendment and/or adjustment) and (ii) the restatement of all articles in the Company's Articles of Association to be made before the Notary, and the change and/or addition of necessary provisions if required by the Department of Justice and Human Rights of Republic of Indonesia and/or relevant authorities for the purpose of obtaining the letter of acceptance.

1.3. **Supported Data/Material**

[The proposed changes of several articles of the Company's Articles of Association](#) can be obtained at the Company's head office and is available to be downloaded from the Company's website since March 14, 2017.

Agenda 2

Procedures to claim Dividend which has been recorded in the Special Reserve Fund of the Company.

2.1. **Background**

Pursuant to (i) Article 25 the Company's Articles of Association Jo Article 73 paragraph 73 the Company Law, unclaimed dividend after 5 (five) years since the payment date, should be recorded in the special reserve. The dividend that has been recorded in the special reserve and was not claimed within a period of 10 (ten) years, will become the rights/income of the Company.

2.2. **Explanation**

In this EGMS, the Company intends to inform the respective Shareholders with regard to the procedure to claim the dividends that are already recorded in the Company's special reserve as follows:

- The relevant Shareholder delivers his/her request for payment of dividend to PT Raya Saham Registra ("RSR") as the Company's Share Registra accompanied by the following documents:
 - The legitimate evidence of share ownership;
 - The legitimate identity of the Shareholders; and
 - The details of the dividend payment transfer, i.e. the bank's name, the account name, and the account number.
- RSR will verify the data with regard to the shares ownership and inform the Shareholder concerning the verification result;
- The relevant Shareholder should fill and sign the Dividend Mandate Letter (with stamp duty IDR 6,000) and submit it to the RSR;
- RSR will submit the Shareholder's request for dividend payment to the Company;
- The Company will process the Shareholder's request for dividend payment;

- The Company will inform the RSR the progress of the dividend payment. RSR will later inform the respective Shareholder accordingly.

Other Notes

For additional data and explanation concerning the above, please refer to the documents that we have uploaded to our website:

List of important links

Annual Report 2016	http://www.danamon.co.id/LinkClick.aspx?fileticket=B0p08kxi-dk%3d&tabid=258&language=en-US
Performance Results (Public Expose) year 2016	http://www.danamon.co.id/LinkClick.aspx?fileticket=im3oK61UPeY%3d&tabid=289&language=id-ID
Profile of the Public Accountant and Public Accountant Firm	http://www.danamon.co.id/LinkClick.aspx?fileticket=JCzGYcFIKJI%3d&tabid=243&language=en-US
The Change of the Company's Articles of Association	http://www.danamon.co.id/LinkClick.aspx?fileticket=biLmrD_C-Hs%3d&tabid=243&language=en-US
Proxy Forms	http://www.danamon.co.id/Home/AboutDanamon/InformasiInvestor/GMS/tabid/243/language/en-US/Default.aspx
AGMS – EGMS Rule of Conduct	http://www.danamon.co.id/LinkClick.aspx?fileticket=8A6cKuWu-9Y%3d&tabid=243&language=en-US

The list of Company's announcements in the Newspaper

The Title of Announcement and link to the Company's website	Newspaper	Issued Date
<p>Announcement of The Annual General Meeting of Shareholders and The Extraordinary General Meeting of Shareholders of PT Bank Danamon Indonesia Tbk (the "Company")</p> <p><u>in English:</u> http://www.danamon.co.id/LinkClick.aspx?fileticket=be_WJZiZnwU%3d&tabid=243&language=en-US</p> <p><u>in Bahasa:</u> http://www.danamon.co.id/LinkClick.aspx?fileticket=d_KxDXfzmH0%3d&tabid=243&language=id-ID</p>	<p><u>In English:</u> Jakarta Post</p> <p><u>In Bahasa:</u> Media Indonesia</p>	February 27, 2017

The Title of Announcement and link to the Company's website	Newspaper	Issued Date
<p style="text-align: center;">Invitation of The Annual General Meeting of Shareholders and The Extraordinary General Meeting of Shareholders of PT Bank Danamon Indonesia Tbk (the "Company")</p> <p style="text-align: center;"><u>in English:</u></p> <p style="text-align: center;">http://www.danamon.co.id/LinkClick.aspx?fileticket=zM3GKcZwI%3d&tabid=243&language=en-US</p> <p style="text-align: center;"><u>in Bahasa:</u></p> <p style="text-align: center;">http://www.danamon.co.id/LinkClick.aspx?fileticket=cRdkYrwzjo%3d&tabid=243&language=id-ID</p>	<p style="text-align: center;"><u>In English:</u> Jakarta Post</p> <p style="text-align: center;"><u>In Bahasa:</u> Media Indonesia</p>	March 14, 2017

Jakarta, 14 March 2017
 PT Bank Danamon Indonesia Tbk
 The Board of Directors

Disclaimer:

The explanation of the GMS's agenda is delivered to complete the GMS' Invitation of the Company which has been published through a daily newspaper namely Media Indonesia and The Jakarta Post on March 14, 2017, in the event of any changes and/or adjustments on the explanation of the GMS's agenda, the Company will promptly deliver to the Shareholders via the Company's website.